

Governor Holden's Executive Order 1-22
Locating State Facilities for Downtown Revitalization and Historic Preservation
Implementation

On December 20, 2001, Governor Holden issued Executive Order 1-22 which requires state owned and leased facilities to be located in central downtown or revitalization districts when consistent with public service requirements and historic preservation efforts and when economically prudent. The Office of Administration was directed to establish policies and procedures to implement the order consistent with laws and regulations protecting health and safety and the environment and promoting energy efficiency. These policies and procedures are also to impose the least burden on the public while encouraging revitalization of downtown centers and efficient and coordinated growth outside downtown centers.

The Office of Administration, Division of Facilities Management (DFM) is implementing this order statewide for buildings to be leased to house the offices and programs of most all State departments. DFM had to make little change in the general leasing policies in order to merge the directions of the Executive Order into its procurement practices. State leasing is done on the basis of lowest and best, public bidding when new or expanded space is needed by the departments. Generally however, when an existing office meets a department's needs and the department wants to continue in the existing office, DFM will seek first to negotiate with the current landlord of the existing buildings to extend the terms of the lease at market rates.

DFM interprets the new executive order to support the continuation of renting existing offices when it is in the best interest of the public and the state. That means that if the existing space meets the needs of the occupying agencies and the needs of the public seeking services at the location, and if the current landlord will continue to offer a competitive market rental rate, then the state will favor staying at the existing location. DFM will negotiate with the current landlord in those circumstances.

When circumstances suggest that bidding is needed to obtain the improved space, price or location for the departments, DFM will take the new requirement out for public bid. DFM and the tenant agencies evaluate bids meeting the basic requirements that are outlined in Requests for Proposals and will award on the basis of lowest cost and best proposal. A scoring system is used for determining lowest and best, with cost being the heavily weighted component. Among the evaluation components for determining the best proposal is the location of buildings. The executive order is about locating buildings to encourage revitalization of downtown centers and to encourage efficient and coordinated growth outside downtown centers. It directs this to be done consistent with Historic Preservation efforts.

DFM has received assistance from the State Department of Economic Development and the State Department of Natural Resources to incorporate these location preferences into new procedures for evaluating lease proposals. Scoring in the evaluation process now

includes preferences for buildings located within Central Business Districts, Community Improvement Districts, Downtown Revitalization Districts, and Commercial Improvement Districts as designated by the local municipality. Preference scoring is also given for buildings with historic significance as evidenced by being listed on the National Register of Historic Places, being certified by the State Department of Natural Resources as contributing to a historic district listed on the National Register or certified by the US Department of Interior.

This preference scoring approach works within the bid specification and evaluation process formally used by DFM to keep the process consistent with the Executive Order's other requirements of ensuring that the facilities meet other mandatory requirements and goals. Bid proposals must still meet requirements such as ADA and energy efficiency. The locations must still ensure that public services can be effectively delivered and that the public itself is not burdened. And importantly, the Executive Order requires that the location of state facilities must still stand a test of economic prudence. This is all possible because the other standard requirements in DFM's bidding process are still in place and because the preference points discussed above are within a bid point scoring system that continues to place the most weight on lowest cost. What DFM has changed is actually a clarification of the points provided for the location of the facilities. DFM has always awarded points on a subjective basis for the proposed sites and locations. Now these points also involve a more objective scoring for revitalization of downtown centers and other districts, including historic preservation.

DFM has chosen to implement the Executive Order in a manner that is not disruptive to property owners who have existing long term leases with the State. First, DFM is not breaking current lease contracts as a result of the order. Second, DFM is not relocating agencies only because of the Executive Order. Third, DFM is involving the local communities, with whom these landlords and developers regularly work, in determining the boundaries for the preference districts. Fourth, DFM is not excluding any bidders from continuing to submit proposals within the context of the Executive Order and the new preferences. Fifth, DFM is not going to "force a fit" of any lease requirement into an otherwise largely unsatisfactory location. Sixth, the Departments of Economic Development and Natural Resources, as well as DFM, want to work with landlords, developers and communities to assist them in furthering the goals of the Executive Order.

The overarching goals of Governor Holden's Executive Order are to "encourage the revitalization of Missouri's downtown centers" and "to encourage the efficient and coordinated growth outside downtown centers." Although the impact of the Executive Order has been immediate for several lease proposals, DFM believes the goals are long term and all stakeholders in the State's real estate actions have much to learn and apply along this longer path. Thus, DFM will continue to proceed in a common sense approach, will monitor the implementation of this order, and will listen to all participants as well as the broader communities affected to ensure those goals are met with "the least burden" and with the "maximum benefit to society."

